

Chronology of Annual Accumulation Rates and
Major Events in Communist China

<u>Period</u>	<u>Year</u>	<u>Accumulation Rate %</u>	<u>Major Events</u>
First 5-year plan	1953	23.1	Average annual accumulation rate in first 5-year plan: 24.2% with little fluctuation.
	1954	-	
	1955	-	Average ratio in 5 years between productive and nonproductive accumulations: 59.8:40.2.
	1956	-	
Second 5-year plan and Great Leap Forward	1957	24.9	1957 ratio: 60.1:39.9.
	1958	33.9	Average annual accumulation rate in second 5-year plan: 30.8%.
	1959	43.8	
	1960	39.6	National revenue dropped in 1960.
	1961	19.2	"Eight-character policy" of economic readjustment, consolidation, filling-in and raising standard adopted in 1961.
	1962	10.4	
Readjust- ment ³ Period	1963	17.5	Situation improved. Average annual accumulation rate in 1963, 1964 and 1965: 22.7%.
	1964	22.2	
	1965	27.1	"Eight-character policy" requirements fulfilled.
Third 5-year plan*	1966	30.6	"Cultural Revolution" began in second half of 1966.
	1967	slightly over 21	Quick drop of accumulation rate from 1967 to 1969 due to Cultural Revolution.
	1968	"	
	1969	23.9	Upswing of agricultural and industrial production in 1970.
	1970	32.9	
			Average annual accumulation rate in 5 years: 26.3%.

Fourth 5-year plan	1971		Ratio between productive and nonproductive accumulation rate: 77.5:22.5 during fourth 5-year plan.
	1972	31-34	
	1973	average	
	1974	approx.	
	1975	33	
Fifth 5-year plan	1976		Ratio between production and nonproduction accumulation rate: 77.5:22.5 during fourth 5-year plan.
	1977	32.3	Agricultural mechanization by 1980 proposed in 1977.
	1978	36.5-36.6	Ten-year plan with additional investment of hundreds of millions of yuan in February 1978.
	1979	33.6	"Eight-character policy" of readjustment, restructuring, consolidation and improvement in 1979 after 3d Plenary Session.
	1980	30+	Payment of 40% increased wages in summer of 1980, retroactive from 1979.
Sixth 5-year plan*	1981		Investment in capital construction reduced to 30 billion yuan in 1981.
		
	1985		

Source: RED FLAG 1981 (different issues)

*Included in 10-year plan.

Searching for a Practical Accumulation Rate

What is the relationship between an accumulation rate and the national economy? Based on past experiences, Communist China seems to believe that an approximately 25 percent rate would be most suitable. This percentage was only based on past experiences, but today's economy is obviously different from what it was during the first 5-year plan. Is it still appropriate to maintain the accumulation rate at 25 percent? How should the accumulation rate be readjusted if the increase of population and workers' wages are taken into account? These are the urgent problems Chinese economists are trying hard to solve. In the present circumstances, Communist China cannot work out its own accumulation rate by using the capitalist economic system as a reference. The Soviet Union was originally a socialist country, and Communist China, in its early years adopted Soviet methods wholesale. However, if it continues to follow the Soviet methods blindly, China's national economy will be the same as that of the Soviet Union today. Long lines of people are seen before the stores in many large Soviet cities because of the serious shortage of daily necessities. Whether or not the Soviet methods are worth learning from is quite clear to all of us so no further comment from me is necessary. However, the Soviet accumulation rate, according to Soviet textbooks

of political and public announcements from various authorities is still 25 percent. Will Communist China also adopt a standard 25 percent accumulation rate? This is improbable, but not impossible. Some economists in Communist China are of the opinion that it would be ideal to hold the accumulation rate within the range of 23-25 percent. One of them, named Yang Bo [2799 3134], however, believed that it would be best to hold the accumulation of the sixth 5-year plan within the range of 25-30 percent on the basis of present calculations and the price system. Anyway, all these are only estimates. Neither rates of 23-25 nor 25-30 percent are supported on theoretical or practical grounds. In short, China's economic road hereafter will still remain in the searching stage. If this problem can be solved, China will be able to create a new socialist economic system which will include the strong points of Western capitalism.

Theoretically, there should be only one percentage instead of a range of percentage points for an ideal accumulation rate each year. For example, if there is a 28 percent (a purely arbitrary figure without any basis whatsoever) accumulation rate for 1982, then either 28.2 percent or 27.8 percent is a bit off. If the former stands for 100 percent, then the latter will be only 97 [as published] percent of it. Therefore, the accumulation rate to be kept within the 23-30 percent range, as advocated by the economists of Communist China is too vague, and we are justified in asking which figure between 23 and 30 would be the best. This will make things difficult for the decision makers. It is not my intention to criticize the Communist Chinese economists for their mistakes because, as a matter of fact, there can be no way to forecast the accumulation rate of the coming year. The only possible way is to refer to the rate of the preceding year, and this rate must have been appropriate and conducive to development. Communist China is now without a "reference year," and the first 5-year plan took place more than 20 years ago and therefore lacks the qualifications of a "reference year." It is my opinion that rather than groping in the dark, a standard accumulation rate should be set up in advance, and this standard rate has to be examined by the year's end in order to determine its economic effects. If the effects are good, we will continue to use it; otherwise it has to be revised. The so-called "good effects" refer to the improvement from the preceding year. If the economic development during the first 5-year plan was normal, then, in the absence of any other year suitable for a reference purpose, the accumulation rate, 25 percent, of this year must be taken as a standard. This would be better than taking a figure within a certain range. In fact, many Communist Chinese economists have talked about the use of a 25 percent accumulation rate, and I am only joining them. We must be aware that in using a 25 percent accumulation, we are only trying to conform to the actual situation instead of following the Soviet example.

RENMIN RIBAO once admitted that the party had taken a tortuous economic road with "two highs and two lows." The "two highs" stand for "high speed" and "high accumulation" and the "two lows" stand for "low efficiency" and "low consumption." From Table I, the reader can easily see that "high accumulation" and "low consumption" are interrelated. In other words, with a fixed national income, "high accumulation" will inevitably bring about "low consumption." The former practice in Communist China was to reduce consumption in order to increase accumulation, and, as a result, people's livelihood could not be improved. Therefore, it is necessary to increase consumption by reducing accumulation. However,

we cannot blindly reduce accumulation as a means to increase consumption, and that is why there should be a predetermined ratio between accumulation and consumption before there can be a healthy national economic growth. This year, Communist China has carried out a large-scale reduction of capital construction projects (and this action is entirely necessary), while the income of workers and peasants has been increased. (In 1979, Communist China raised the workers' wages by 40 percent, to be paid retroactively in the summer of 1980. It also procured grain and other agricultural products at higher prices and sold them at low prices. In this way, the government had to spend 20 billion yuan as a subsidy.) Thus the increase of the consumption fund will naturally reduce the accumulation rate. Even though it may not be lowered to 25 percent in 1981, it will, I believe, be down to 26 percent by 1985.

Table III
Relationship Between Accumulation Rate
and National Economy⁶

<u>Accumulation Rate</u>	<u>Result</u>	<u>Years (for example)</u>
25% approx	High-speed national economic development possible	1953-1957 1964, 1965
over 30%	National economic imbalance	1966-1980
40% or more	National economic recession	1959, 1960

Changes in the accumulation rate are obviously related to the speed of economic growth, population growth, the rise of consumption level, and the increase of commodity prices, but no formula has yet been found to work this out. According to Lin Zili [2651 1311 0500], a scholar writing in RED FLAG, the total social consumption fund should be worked out first with the remaining portion to be used for accumulation. In my opinion, the amount of nonproductive accumulation funds should be first determined, and the amount of the social consumption fund can be roughly estimated. Then based on the population growth, the individual consumption fund of people in the urban and rural areas can be worked out. From the national income, which can be roughly figured out, the sum total of these three "funds" is deducted and the remainder is the productive accumulation. The total productive and nonproductive accumulation funds combine to form the accumulation fund. In this way, we will not only readjust the ratio between "bone" and "flesh" but also hold the accumulation rate at a certain percentage. Of course, this sounds easy enough on paper, but may not be so in practice. It will depend on the determination of Communist China and the willing cooperation of the local cadres. In order that the "bone" will not elbow out the "flesh," the writer believes that there should be a fixed ratio between productive and nonproductive accumulation funds. The ratio in 1956 and 1957 was approximately 3:2, which, in the writer's opinion, sounds reasonable and can be maintained. If the accumulation rate is held at 25 percent, then the calculation will be much simpler.

What we have to do is to multiply the national income by $1/4$ to obtain the amount of the accumulation fund, and again multiply the accumulation fund by $2/5$ to obtain the nonproductive accumulation fund. The accumulation fund multiplied by $3/5$ will provide the amount of the productive accumulation fund. This method of calculation is simple, but may not necessarily conform to the conditions of China with the result that the economy may not develop according to our expectation. Therefore, the writer is in favor of first figuring out the amount of the nonproductive accumulation fund; the accumulation rate thus obtained may not turn out to be 25 percent, but higher. Then the amount of nonproductive accumulation fund should be slightly reduced along with a proportionate reduction of the productive accumulation fund. The accumulation rate after these adjustments may still be more than 25 percent. Anyway, the percentage thus obtained can be used as the accumulation rate for the coming year. If we keep on using this method year after year, we will eventually figure out a nonproductive accumulation fund amounting to exactly $1/10$ of the national income; then the accumulation rate will be 25 percent.

A general census will begin on 1 July 1982 as a necessary step for planning all activities including administration, construction and welfare. When an accurate population figure is obtained, the first problems to be solved are those of housing and education; these come under the category of "nonproductive accumulation." These two major problems cannot be solved in 1 or 2 years, but the solution can be carried out gradually and in an orderly way. At present, it may not be absolutely necessary to hold the ratio between the productive and the nonproductive accumulations at 3:2. Since the situation of "the bone elbowing out the flesh" was too serious in the past, it may be harmless to try the method of "the flesh elbowing out the bone" for a change so as to strengthen nonproductive accumulation and greatly to reduce the productive accumulation. By the time the accumulation rate approaches 25 percent, the ratio of 3:2 can again be applied. In the consumption fund, the writer has often felt that there should also be a fixed ratio between the social consumption fund and the individual consumption of people in urban and rural areas. In determining such a ratio, the individual consumption fund should be given priority. In other words, we should, if necessary, reduce the social consumption fund rather than cut down on the people's welfare. In summary, all policies should be predicated on the improvement of people's livelihood. This is, in my opinion, a shortcut to the "four modernizations."

FOOTNOTES

1. See RED FLAG No 6, 1981.
2. According to a survey conducted by the World Bank on China's national economy, China's GNP worked out to a per capital income of \$256 in 1980 and \$230 in 1978.
3. There are two interpretations of the "readjustment period": from 1961 to 1965 and from 1963 to 1965 with a difference of 2 years. Some people also consider 1961-65 as the years of the "second 5-year plan."
4. See RED FLAG No 9, 1981.

5. The "new socialist economic system" referred to here means the change of economic policies in Communist China in the past 2 years instead of any system based on new economic theory. In these 2 years, Communist China permitted profit-sharing and greater decision-making power for the enterprises, and the existence of individual economy in industrial and commercial undertakings (this is not a new policy but rather a restoration of what had been in existence during the early post-liberation period) and adopted the system of production quota for households, all according to the new policy. Most important of all, Communist China now permits "some people to become wealthy ahead of others." All this has a strong influence on the old economic system and that is why the writer calls it a "new socialist economic system."
6. Compiled from a speech of Xue Muqiao, an economist of Communist China. The accumulation rate of 1960 was 39.6 percent rounded off to 40 percent. This was a year of national economic recession. From 1967 to 1969, when the Cultural Revolution was like a raging fire, there was absolutely no economic development to speak of, even though the accumulation rate was between 21 and 24 percent. The abrupt reduction of production made it impossible to raise the accumulation rate. Therefore, these cannot be listed as "years of high-speed development."
7. See RED FLAG No 9, 1981.

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FOREIGN TRADE

'TA KUNG PAO' ON JOINT VENTURES IN CHINA

HK261032 Hong Kong TA KUNG PAO in Chinese 18 Oct 81 p 3

[Article by Chung Wei [0112 5898]: "Joint Ventures Should Have Ample Decisionmaking Power"]

[Text] A Recent Forum

In mid-September, the Foreign Investment Regulatory Commission, under the state council held a forum in Beijing on joint ventures to exchange experiences in management. It called on cadres at various levels to have a better understanding of joint-ventures and regard them as an important way of making use of foreign capital, importing technology and studying scientific management. This will enable us to promote technological innovation and raise the level of management in the enterprises. It urged all relevant departments to give joint venture enterprises positive support and help them overcome difficulties and solve problems, while giving them ample decisionmaking power. The Chinese personnel in joint venture enterprises should learn how to work with their foreign colleagues in long-term cooperation and make concerted efforts in doing a good job, so as to accumulate experiences for establishing more such enterprises.

Since the promulgation of the "law of the PRC on joint ventures using Chinese and foreign investment" in 1979, 29 joint venture enterprises had been approved by the end of August this year. Among these, 16 were joint ventures with Hong Kong firms, 4 with Japanese firms, 3 with Filipino firms, 2 with U.S. firms and the others with firms from Switzerland, England, France, Singapore and Canada. In regard to their fields, 10 of these enterprises are of light and textile industries, 5 are of the engineering and electronics industries, 8 of travel services and 1 each in the areas of pharmacy, wood processing, farming, animal husbandry, hiring and trading. All these enterprises are to produce goods that are either in short supply in our national economy or goods for export. Most of them are medium or small enterprises. Among them, 7 have investments of over \$10 million, and the biggest, the Changcheng Hotel, has an investment exceeding \$70 million. Twelve enterprises have investments below \$500,000.

With the care and support of the government at various levels and the cooperation of the Chinese and foreign personnel in these enterprises, the 15 enterprises which have already begun production and the others which are still under construction, have passed quickly through the whole process of signing contracts, starting con-

struction, ordering equipment, installing machinery, trial-production and commencing normal production. As a result of improving quality and service by importing foreign technology and utilizing scientific management, better economic results and more profits have been gained.

Wine and Food For Airlines Sell Well

The government approved a contract in May 1980 for establishing the Sino-French winemaking corporation by the Winemaking Corporation of a farm in Tianjin and the French Remy Martin group. The joint venture only took 3 months to complete all preparatory work, such as purchasing equipment and building workshops, and commenced production by the end of August, when grapes were ripe. Owing to the imported equipment, new zymase and an advanced cooling-germent method, as well as the guidance of the French experts, a high quality white wine was successfully produced in October. If the traditional method had been used, it would have taken 3 years to make such wine. Because the production period was shortened, the circulating funds were also reduced. The factory's first product, Shenzhou brand white wine was judged by experts in this year's Bordeaux exhibition of the world's finest wines held in France and won a favorable reception for its "sweet, fragrant and pleasant taste" and became one of the most popular wines at the exhibition. Soon after the exhibition, some well-established companies from France, the United States and Japan expressed their readiness to place orders with this corporation.

Since its opening in May last year, the Beijing Aviation Food Company, which is a joint venture between the Beijing Bureau of the CAAC and Hong Kong's China Aviation Food Company, has constantly improved the variety and quality of its food, and paid serious attention to cleanliness and hygiene. In February this year, some of its products were selected for chemical analysis by West Germany's Lufthansa Airline Company and 12 products were proved, by analysis, to be up to international hygienic standards. Now, instead of 2, as in the early period, there are now 14 foreign airline companies ordering its products, and the supply of prepared food has increased from 500 to more than 2,000 meals a day. Business income has increased from 320,000 yuan [0337] to 580,000 yuan [0337] a month. In the first year, the net profit was 550,000 yuan [0337-usage of "yuan" in this sentence could be designating the currency of people's yuan, or Hong Kong dollar, or U.S. dollar], which greatly exceeded the original plan.

In the past year, the China Xun Da Elevator Company, which is a joint venture between two elevator factories in Shanghai and Beijing, the Swiss Schindler Elevator Company and Hong Kong's Jardine Schindler [1837 6598] Company, has actively imported new technology and made preparations for trial-production of new products. At the same time, it has been working hard to improve management and the quality of the old products. In the past, because its products were distributed under a unified state plan, there was no fitting or repair services. Now a chain of services including manufacture, delivery, fitting and repairing has been set up and the quality of elevators has been raised from just being up to standard to first-class quality. A showroom has also been set up in Shanghai in which samples of elevators and spare parts are displayed for the convenience of customers. In addition, this company has paid more attention to after sales services and established several repair shops in Shanghai, Beijing and Guangzhou. Recently, it won the bid for installing elevators in Beijing's Changcheng Hotel after competing with more than 10 foreign companies. This year, exports have also increased by 100 percent, and the profits gained have exceeded those plans.

Since going into operation in October 1979, Jianqiao Enterprise Limited in Fuzhou, which is a joint venture between Fujian's Huaqiao Plastics Company and a Hong Kong firm, has produced a new packing material--heat-shrinkage polypropylene film, which conforms to international market standards. It sells well both on the Hong Kong market and at domestic trading ports.

Since its opening last October, the West Lake Rattan Work Company has trial-produced more than 700 types of newly designed rattan-wood, rattan-bamboo and rattan-steel furniture, which exceeds the total of the trial-produced sample rattan furniture manufactured in the past 30 years. These products are highly appreciated by foreign buyers and find a good market in Japan, the United States, Australia and other countries. Thus, Zhejiang's declining rattan production has been revived and vigorously developed.

Tianshan Wool Spinning and Fu Ri Television

A major project, being the construction of an 18,000 square meters' factory building for the Tianshan Woolen Mill, jointly owned by Xinjiang Province and Tang Hsiang-chien, a textile magnate in Hong Kong, which began in May last year, was finished in last November before the freezing season, and was installed with equipment from Japan at the end of last year. In June this year, it commenced trial-production. It took only 13 months for the construction of such a great project, which is 1 to 2 years shorter than the time it would ordinarily have taken to build in China. Now good quality wool yarn is being produced and the technological transformation of the two original knitting mills, which are subordinate to it, has been completed. The production capacity has increased by over 200 percent. In the first half of this year, the output of woolen sweaters, the quality of which has been greatly improved, increased by 61 percent over the same period of last year, and the profits increased by 31 percent.

The Fu Ri Television Plant jointly operated by the Fujian Electronics Import Export Corporation and Japan's Hitachi Corporation, was put into trial-production on 15 April and went into normal operation on 8 June. The contract was signed in October last year and the plant established on 15 March this year. Using the original workshops of an electronic factory and importing 3 production lines (2 for color television sets and 1 for black and white sets), this plant will have a capacity of producing 380,000 television sets a year. They have already installed 2 of the lines, and up to the end of August, 28,000 black and white television sets and 14,000 color sets have been produced. The quality is up to standard. In comparison with the old factory, the productivity has increased by 880 percent. When all equipment has been put into production, the increase will be 1,400 percent.

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FOREIGN TRADE

'TA KUNG PAO' ON SHENZHEN ORGANIZATIONAL SYSTEM

HK220135 Hong Kong TA KUNG PAO in Chinese 18 Oct 81 p 1

[Special dispatch from Guangzhou: "Guangdong Provincial Government Decides to Elevate Organizational System of Shenzhen to Same Level as That of Guangzhou"]

[Text] Reporters of this newspaper have learned from the sources concerned that to strengthen its leadership over Shenzhen special economic zone and further promote construction in this special zone. The Guangdong Provincial Party Committee has decided to establish a new leading organ in the Shenzhen special economic zone and appoint new leaders.

The sources concerned revealed that Liang Xiang, deputy governor of Guangdong Province and first deputy director of Guangdong special economic zone administrative committee, would be appointed secretary of the Shenzhen Municipal Party Committee and mayor of Shenzhen municipality. Zhou Xiwu and Luo Changren would be appointed deputy mayors of Shenzhen municipality.

The leading organ of the standing committee of Shenzhen Municipal Party Committee will consist of seven members, including Liang Xiang, Zhou Ding, Zhou Xiwu, Fang Gao, Luo Changren, Liu Bo and Lin Jiang.

Sources concerned also revealed that to enable Shenzhen special economic zone to make greater contributions to the four modernizations, the Guangdong People's Government has decided to elevate the organizational system of Shenzhen to the same level as that of Guangzhou Municipality. Better troops and simpler administration should be carried out, organizations reformed and work efficiency raised in light of the peculiarities of the Shenzhen special economic zone. In accordance with the principle of making the cadre corps revolutionized, professional, younger and more educated, the corps of leading members should be properly readjusted. A number of young and talented cadres should be transferred to the special zone to take up leading posts.

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FOREIGN TRADE

BRIEFS

PRC JOINT VENTURES--Beijing, 28 Oct--In order to better carry out the "PRC law on joint ventures using Chinese and foreign investment" promulgated on 8 July 1979, China's relevant department is now drawing up some regulations. Based on their experience and problems encountered in previous practice, to assist in adhering to this law. These are expected to be promulgated soon. In these regulations, there will be concrete stipulations on the nature and legal position of a joint venture enterprise, on the main fields for joint ventures, the import of foreign technology, organization and management, taxation, the control of foreign exchange, the duration of a joint venture enterprise, the settlement of disputes between the two sides and so forth. In order to protect the interests of foreign investors, China has told some countries that it is willing to sign investment protection agreements with the investors. It has already made an agreement with the United States on investment insurance and investment guarantees, and now it is preparing to negotiate with West European and other countries to make agreements on avoiding dual taxation. [Dispatch: "Beijing Reveals Joint Venture Regulations About to be Promulgated"] [Text] [HK290931 Hong Kong TA KUNG PAO in Chinese 29 Oct 81 p 1]

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TRANSPORTATION

VICE MINISTER VIEWS TRENDS OF SHIPBUILDING INDUSTRY

Hong Kong TA-KUNG-PAO in Chinese 22 Sep 81 p 3

[Article by Li Weicheng [7812 0251 0252]: "New Trend of China's Shipbuilding Industry—Interview with Liu Qing [0491 3237], Vice Minister of Sixth Ministry of Machine Building"]

[Text] After attending the ceremony of the launching of China's first 27,000-ton bulk cargo ship built and exported by the Dalian Shipyard, Liu Qing, vice minister of the Sixth Ministry of Machine Building and managing director of China Shipping Company, gave me an interview in which he talked a great deal about the plan of development for China's shipbuilding industry and its future prospects. He said that although China cannot allocate large sums of money to develop the shipbuilding industry during the present economic readjustment, this industry must still be supported by the state since, after all, it plays an important role in communications and transportation. China will continue its efforts to develop the export of ships. Overseas merchants are now negotiating with us on the purchase of 60,000-ton ocean ships.

This was how Liu Qing analyzed the future development of our shipbuilding industry: Agriculture and light industry are the primary concerns during the present economic readjustment. Yet China has to attach great importance to the development of the shipbuilding industry, because communications and transportation are a very important link in our "four modernizations," and this link must be strengthened. Hereafter, China's shipbuilding industry will develop in two different directions: shipbuilding, especially the building of ships for inland navigation, for domestic use; and shipbuilding for export. We cannot import without export, because there must be both import and export before there can be a balance. This holds true not only for foreign trade but also for the shipbuilding industry.

Purchasing Advanced Technology From Abroad

Liu Qing said that for a very long time, China has copied from Soviet models in shipbuilding and had little experience with the methods of England, Europe or America. This has been a serious handicap to the development of our export of ships. The newly launched 27,000-ton bulk cargo ship, Changcheng, is China's first exported ship built according to a British model. We can say that this marks a new phase in our shipbuilding industry. The export of one more ship is certainly important to us, but more important still is the new change in our technology.

"How much proprietary technology has China bought from foreign countries recently?" I asked.

"Oh, a great deal! In recent years, we have bought more than 20 rights of proprietary technology of international significance." He further mentioned that these items included the making of B.W. Diesel Engines, West German cranes and motors, and boosters. He said that the "closed-door policy" for many years and the disruptions by the "Cultural Revolution" did great damage to the shipbuilding industry. Because of our backward management and ignorance of the outside world, our ships could only be built for our own use instead of being exported. It would mean a lot of trouble if we export any ship without the technology and equipment recognized by the International Transportation Association. The B.W. Diesel Engines, for instance, are recognized and used by all countries and regions in the world. They can be serviced anywhere and are convenient to all peoples.

Small Tanks and Oil-Drilling Platforms

Our conversation next turned to the types of ships built in China. Liu Qing strongly felt that more bulk cargo and mixed cargo ships should be built in the future. There is no serious problem with the building of container freighters. China will not build large oil tankers because of the poor market for oil tankers in recent years, and there are already too many of them. However, it is necessary to build more small oil tankers. Oil drilling platforms can also be built along with the development of our off-shore oil industry. The Ministry of Petroleum placed orders with the shipyard for five oil-drilling platforms of the straight-drilling type, and three of them have been delivered. The "Bohai No 5" Platform has recently been completed by a new yard of the Dalian Shipyard, and another platform is under construction in the old yard. There will be more to be built later.

Hong Kong as an Important Customer for Chinese Ships

Asked about the geographical distribution of shipowners who had placed orders, totaling 700,000 tons, for China's ships, Liu Qing said that the majority of them were in Hong Kong. According to his statement, shipowners in Hong Kong had bought 17 ships, and most of them were 27,000 tons (the largest one being 30,000 tons). One ship has been delivered this year, but there will be more deliveries in 1982 and 1983.

He also said that last year, we received orders for ships totaling 400,000 tons. This year, up to now, orders for a total of 320,000 tons have been received and more orders are expected later. It is estimated that the orders received this year will be about the same as those of last year. Some people say that China's shipbuilding capacity is about 1 or several million tons each year and more than enough for the orders received. The only explanation we can offer is that we are only taking the first step in exporting ships, and should be a little cautious. China really has great potentials in the shipbuilding industry.

A Total of 18 Shipyards in China

Liu Qing said that there are 18 shipyards and 6 engine building plants in China. Among them, the Dalian, Fudong, Jiangnan, Zhonghua and Guangzhou Shipyards are capable of building ocean-going vessels of more than 10,000 tons. Dalian Shipyard has recently added to its equipment a platform for building 60,000-ton ships, and some overseas shipowners are now negotiating with this shipyard on the purchase of 60,000-ton ships.

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